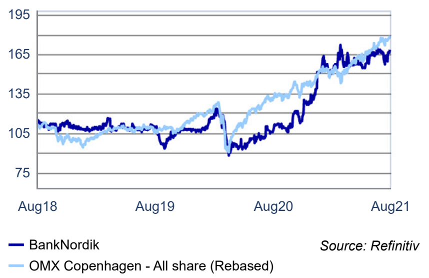
# BankNordik

**Financials**
Denmark

## KEY DATA

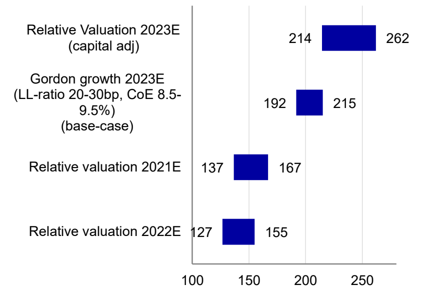
| | |
|---|---|
| Stock country | Faroe Islands |
| Bloomberg | BNORDIK DC |
| Reuters | BNORDIK.CO |
| Share price (close) | DKK 169.0 |
| Free Float | 65% |
| Market cap. (bn) | EUR 0.22/DKK 1.61 |
| Website | www.banknordik.com |
| Next report date | 02 Nov 2021 |

## PERFORMANCE




*Source: Refinitiv*

## VALUATION APPROACH (DKK/SHARE)




*Source: Nordea estimates*

## ESTIMATE CHANGES

| Year | 2021E | 2022E | 2023E |
|---|---|---|---|
| Total revenue | 3% | 3% | 3% |
| Total costs | 2% | 1% | 1% |
| Profit before loan losses | 5% | 7% | 7% |
| PTP | 9% | 2% | 3% |
| DPS (ord) | 2% | 1% | 1% |
| EPS (adj) | 1% | 1% | 2% |

*Source: Nordea estimates*

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# Core business on track

BankNordik's Q2 2021 profit before loan losses was DKK 47m, DKK 3m (7%) above our estimate, and it reported better-than-expected lending growth in the Faroes (1%) and Greenland (3%). Together with improving deposit margins, this supported net interest income, which came in DKK 3m (5%) ahead of our estimate. Earnings initiatives and process optimisation should continue to boost profitability – the bank has identified initiatives that could lift profits by DKK 20-25m annually for the coming years. The planned dividend and/or share buyback programme of DKK 450m was approved by the Danish FSA on 21 July 2021. Ahead of the EO general meeting on this topic, which will be held no later than October 2021, BankNordik will propose a split between dividends and share buybacks. We raise 2021E-23E adjusted EPS by 1-2%. Our new Gordon growth-based fair value range is DKK 192-215 (188-211).

### Focus on core business likely to continue boosting profits

We expect the strong underlying development for operating profit to continue in the coming quarters. We estimate annual profit before loan losses will increase by DKK 21m from 2021E to 2023E, due to the execution of previously announced earnings-enhancing initiatives, which include a revised deposit margin and new fees. In addition to the original back-office FTE reduction announced in January 2021, BankNordik's current reorganisation and process optimisation has eliminated another 7-8 FTEs from staff and support functions. We expect this development to continue and we see further upside potential to the bank's profitability, thanks to its renewed focus on the core business.

### 2022E-23E net profits raised 2-3%, while 2021E up 9%

Due to strong the underlying Q2 results, we raise 2022E-23E net profits by 2-3%. This is mainly attributed to positive annual changes of DKK ~12m for 2022E-23E net interest income amid the sharpened focus on profitability. Earnings from the investment portfolio, however, remained sluggish in Q2, hence we also lower our 2022-23 estimates to DKK 0m (8m). We lift 2021E net profit by 9%, driven by DKK 11m lower 2021E loan losses and the DKK 19m higher-than-expected non-recurring profit in Q2, due to lower-than-expected IT transition costs related to the sale of the Danish business.

### New fair value range of DKK 192-215 (188-211)

BankNordik is trading at a capital-adjusted P/E of ~5.4x 2023E, ~30% below Danish peers. We believe this discount could narrow if the bank uses share buybacks to distribute excess capital, thereby avoiding the harsh Faroese taxation (at least 15%) of dividends for foreign investors.

## SUMMARY TABLE - KEY FIGURES

| DKKm | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|
| Total revenue | 648 | 635 | 658 | 387 | 411 | 421 | 428 |
| Total costs | 462 | 457 | 473 | 237 | 236 | 229 | 232 |
| LL-ratio | -0.66% | -1.16% | -1.06% | -0.05% | -0.28% | 0.19% | 0.32% |
| PTP | 234 | 324 | 261 | 207 | 273 | 177 | 171 |
| RoE | 10.1% | 13.5% | 9.7% | 7.3% | 10.3% | 7.4% | 7.5% |
| RoTBV (adj) | 10.1% | 10.2% | 10.3% | 7.1% | 7.0% | 7.1% | 7.1% |
| P/E (adj) | 5.5 | 5.4 | 4.8 | 9.0 | 10.9 | 11.8 | 12.3 |
| P/BV | 0.57 | 0.52 | 0.46 | 0.64 | 0.81 | 0.86 | 0.89 |
| P/TBV | 0.57 | 0.52 | 0.46 | 0.64 | 0.82 | 0.86 | 0.89 |
| BIS III CT1-ratio | 17.5% | 17.6% | 18.8% | 22.6% | 29.2% | 27.9% | 26.7% |
| DPS (ord, DKK) | 4.00 | 7.32 | 7.00 | 5.00 | 58.57 | 20.62 | 20.33 |
| Dividend Yield (ord) | 3.77% | 6.74% | 6.42% | 3.29% | 34.66% | 12.20% | 12.03% |
| Total payout ratio | 0.21 | 0.27 | 0.40 | 0.33 | 2.56 | 1.37 | 1.40 |

*Source: Company data and Nordea estimates*

# Estimates

**CHANGES TO OUR ESTIMATES**

| DKKm | 2021E | 2022E | 2023E | 2021E | 2022E | 2023E | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|
| | New estimates | | | Change in estimates | | | Old estimates | | |
| Net interest income | 263 | 272 | 276 | 3% | 5% | 5% | 254 | 260 | 264 |
| Net fee and commission income | 70 | 71 | 73 | 4% | 3% | 3% | 67 | 69 | 71 |
| Net insurance income | 47 | 48 | 49 | -4% | -3% | -3% | 49 | 49 | 50 |
| Other income | 31 | 30 | 30 | 9% | 6% | 6% | 28 | 28 | 28 |
| **Total Income** | **411** | **421** | **428** | **3%** | **3%** | **3%** | **399** | **407** | **413** |
| | | | | | | | | | |
| **Total Expenses** | **-236** | **-229** | **-232** | **2%** | **1%** | **1%** | **-233** | **-227** | **-230** |
| | | | | | | | | | |
| **Profit before loan losses** | **175** | **192** | **196** | **5%** | **7%** | **7%** | **166** | **180** | **183** |
| Loan losses | 21 | -15 | -25 | -117% | 0% | 0% | 10 | -15 | -25 |
| **Operating profits** | **195** | **177** | **171** | **11%** | **7%** | **8%** | **176** | **165** | **158** |
| Earning from investment portfolio | -13 | 0 | 0 | - | -100% | -100% | 3 | 8 | 8 |
| Non-recurring and industry solutions | 81 | 0 | 0 | 30% | - | - | 62 | 0 | 0 |
| **Profit before tax** | **273** | **177** | **171** | **9%** | **2%** | **3%** | **250** | **173** | **166** |
| Discontinued operations before tax | 10 | 0 | 0 | 3% | - | - | 9 | 0 | 0 |
| Taxes | -54 | -34 | -32 | 10% | 2% | -3% | -49 | -33 | -32 |
| **Net profit** | **218** | **144** | **138** | **9%** | **2%** | **3%** | **201** | **140** | **135** |
| | | | | | | | | | |
| **EPS adj, DKK** | **15.5** | **14.3** | **13.7** | **1%** | **1%** | **2%** | **15.4** | **14.1** | **13.5** |
| **DPS, DKK** | **58.6** | **20.6** | **20.3** | **2%** | **1%** | **1%** | **57.7** | **20.4** | **20.1** |

*Source: Company data and Nordea estimates*

**Q2 2021 RESULTS VS ESTIMATES**

| DKKm | Q2 2021 | Q2 21E | vs. Actual | | Q1 21 | growth | Q2 20 | growth |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 66 | 63 | 3 | 5% | 64 | 4% | 65 | 2% |
| Net fee and commission income | 20 | 18 | 3 | 14% | 17 | 15% | 13 | 54% |
| Net insurance income | 14 | 16.00 | -2 | -13% | 7 | 94% | 12 | 21% |
| Other income | 9 | 7 | 3 | 38% | 9 | 1% | 5 | 70% |
| **Total Income** | **109** | **103** | **6** | 6% | **97** | 12% | **95** | 15% |
| **Total Expenses** | **61** | **59** | **2** | 3% | **59** | 3% | **59** | 3% |
| **Profit before loan losses** | **47** | **44** | **3** | **7%** | **38** | **23%** | **36** | **31%** |
| Loan losses | 27 | 20 | 7 | 35% | -3 | - | 16 | 72% |
| **Operating profit** | **74** | **64** | **10** | **16%** | **35** | **-** | **52** | **44%** |
| Market value adjustments | -4 | 2 | -6 | - | -3 | 31% | 15 | - |
| Non-recurring and industry solutions | 4 | -15 | 19 | - | 77 | -95% | 0 | - |
| **Pre tax profit** | **74** | **51** | **23** | **44%** | **118** | **-37%** | **103** | **-28%** |
| Discontinued operations before tax | 0 | 0 | 0 | - | 9 | - | 37 | - |
| Taxes | 15 | -10 | 25 | - | -24 | - | -21 | - |
| **Net profit** | **59** | **42** | **17** | **42%** | **94** | **-37%** | **82** | **-28%** |
| | | | | | | | | |
| **CET1 ratio** | **25.7%** | **30.8%** | **-5.1 pp** | | **31.0%** | **-5.3 pp** | **17.7%** | **8.0 pp** |

*Source: Company data and Nordea estimates*

# Reported numbers and forecasts

| QUARTERLY KEY DATA | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **SHARE DATA** | | | | | | | | |
| **DKKm** | **Q1 20** | **Q2 20** | **Q3 20** | **Q4 20** | **Q1 21** | **Q2 21** | **Q3 21E** | **Q4 21E** |
| EPS, DKK | -2.56 | 8.68 | 6.85 | 4.56 | 9.82 | 6.21 | 3.73 | 3.10 |
| EPS adj, DKK | -2.56 | 8.68 | 6.85 | 4.56 | 3.40 | 5.87 | 3.73 | 3.10 |
| BVPS | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| TVBS | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| DPS, DKK | | | | | | | | |
| Dividend pay-out ratio | | | | | | | | |
| Share repurchases (per share) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total pay-out ratio | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | | | | | | | | |
| Share price (period end) | 99.00 | 101.00 | 110.00 | 152.00 | 156.00 | 168.50 | 169.00 | 169.00 |
| Market cap. (m) | 939 | 958 | 1,044 | 1,447 | 1,489 | 1,609 | 1,613 | 1,613 |
| Dil. number of shares period end (m) | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 |
| **VALUATION** | | | | | | | | |
| **(x)** | **Q1 20** | **Q2 20** | **Q3 20** | **Q4 20** | **Q1 21** | **Q2 21** | **Q3 21E** | **Q4 21E** |
| P/E | n.m. | 2.9 | 4.0 | 8.3 | 4.0 | 6.8 | 11.3 | 13.6 |
| P/E (adj.) | n.m. | 2.9 | 4.0 | 8.3 | 11.5 | 7.2 | 11.3 | 13.6 |
| P/BV | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| P/TBV | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Dividend yield | | | | | | | | |
| Total yield | | | | | | | | |
| **CAPITAL RATIOS** | | | | | | | | |
| **%** | **Q1 20** | **Q2 20** | **Q3 20** | **Q4 20** | **Q1 21** | **Q2 21** | **Q3 21E** | **Q4 21E** |
| BIS II Trans. CET1-ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| BIS II Trans. T1-ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| BIS II Trans. T2-ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| | | | | | | | | |
| BIS III CET1-ratio | 19.8% | 20.3% | 21.1% | 22.6% | 31.0% | 25.7% | 27.9% | 29.3% |
| BIS III T1-ratio | 21.2% | 21.8% | 22.6% | 24.1% | 33.1% | 27.8% | 30.1% | 31.5% |
| BIS III T2-ratio | 23.3% | 24.0% | 24.9% | 26.4% | 36.2% | 29.2% | 31.6% | 33.0% |
| | | | | | | | | |
| Tang. Equity/Assets | 13.2% | 13.7% | 14.1% | 13.1% | 19.3% | 19.7% | 16.2% | 16.3% |
| Tang. Equity/Lending | 22.4% | 23.4% | 24.1% | 29.8% | 31.0% | 31.1% | 25.4% | 25.6% |
| Leverage ratio | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **CREDIT QUALITY** | | | | | | | | |
| **DKKm** | **Q1 20** | **Q2 20** | **Q3 20** | **Q4 20** | **Q1 21** | **Q2 21** | **Q3 21E** | **Q4 21E** |
| Impaired loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan loss reserves | 511 | 483 | 471 | 328 | 326 | 325 | 323 | 321 |
| | | | | | | | | |
| Coverage ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| Loan loss reserves / Total loans | 5.14% | 4.87% | 4.78% | 3.76% | 4.33% | 4.32% | 4.23% | 4.17% |
| Impaired loans / Total loans | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Collective/total provisions | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Perf. Impared loans/Impaired loans | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Loan loss ratio | 0.72% | -0.63% | 0.09% | -0.39% | 0.18% | -1.44% | 0.00% | 0.13% |
| | | | | | | | | |
| Growth loan loss reserves (y/y) | -13% | -10% | -11% | -34% | -36% | -33% | -31% | -2% |
| Growth impaired loans (y/y) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **PROFITABILITY** | | | | | | | | |
| **Adjusted for non-rec. Items** | **Q1 20** | **Q2 20** | **Q3 20** | **Q4 20** | **Q1 21** | **Q2 21** | **Q3 21E** | **Q4 21E** |
| RoE | -4.3% | 14.4% | 11.1% | 7.5% | 5.7% | 9.6% | 6.6% | 6.0% |
| RoTBV | -4.3% | 14.5% | 11.1% | 7.5% | 5.7% | 9.6% | 6.6% | 6.0% |
| C/I | -67.6% | -62.2% | -54.9% | -61.8% | -60.7% | -56.6% | -54.3% | -58.7% |
| NII-margin | 2.52% | 2.62% | 2.64% | 2.99% | 3.39% | 3.48% | 3.48% | 3.49% |
| **REVENUE DISTRIBUTION** | | | | | | | | |
| **Adjusted for non-rec. Items** | **Q1 20** | **Q2 20** | **Q3 20** | **Q4 20** | **Q1 21** | **Q2 21** | **Q3 21E** | **Q4 21E** |
| Net Interest Income | 72% | 69% | 63% | 65% | 66% | 60% | 65% | 66% |
| Net Commission Income | 18% | 14% | 14% | 16% | 18% | 19% | 15% | 17% |
| Net result from financial transactions | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Net insurance income | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Other Income | 6% | 6% | 5% | 8% | 9% | 8% | 6% | 6% |

*Source: Company data and Nordea estimates*

## QUARTERLY INCOME STATEMENT AND BALANCE SHEET

### INCOME STATEMENT

| DKKm | Q1 20 | Q2 20 | Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21E | Q4 21E |
|---|---|---|---|---|---|---|---|---|
| Net Interest Income | 63 | 65 | 65 | 65 | 64 | 66 | 66 | 67 |
| Net Commission Income | 16 | 13 | 15 | 16 | 17 | 20 | 15 | 18 |
| Net result from financial transactions | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Net insurance income | 4 | 12 | 18 | 12 | 7 | 14 | 15 | 11 |
| Other income | 5 | 5 | 6 | 8 | 9 | 9 | 7 | 7 |
| **Total revenues** | **87** | **95** | **104** | **101** | **97** | **109** | **103** | **102** |
| | | | | | | | | |
| Staff costs | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Other operating costs | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Depreciation | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Total Expenses** | **59** | **59** | **57** | **62** | **59** | **62** | **56** | **60** |
| | | | | | | | | |
| **Profit before loan losses** | **28** | **36** | **47** | **38** | **38** | **47** | **47** | **42** |
| | | | | | | | | |
| Loan losses | -18 | 16 | -2 | 10 | -3 | 27 | 0 | -3 |
| Write-downs on assets | 0 | 0 | 0 | 0 | 77 | 4 | 0 | 0 |
| **Operating profit** | **-30** | **103** | **82** | **51** | **118** | **74** | **44** | **37** |
| | | | | | | | | |
| Taxes | 5 | -21 | -17 | -7 | -24 | -15 | -8 | -7 |
| Discontinued operations | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Minority interest | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Net profit to equity** | **-24** | **82** | **65** | **43** | **94** | **59** | **36** | **30** |

### BALANCE SHEET

| DKKm | Q1 20 | Q2 20 | Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21E | Q4 21E |
|---|---|---|---|---|---|---|---|---|
| Cash / Interbank | 158 | 187 | 141 | 208 | 934 | 1,065 | 1,065 | 1,065 |
| Loans to credit institutions | 471 | 913 | 1,257 | 1,178 | 138 | 455 | 455 | 455 |
| Loans to the public | 9,971 | 9,880 | 9,829 | 7,608 | 7,450 | 7,601 | 7,671 | 7,739 |
| Goodwill and other intangibles | 11 | 11 | 12 | 2 | 2 | 2 | 2 | 2 |
| **Total assets** | **16,940** | **16,868** | **16,747** | **17,290** | **11,971** | **12,001** | **12,071** | **12,138** |
| | | | | | | | | |
| **Interbank/owed to credit institutions** | **482** | **52** | **47** | **28** | **1,263** | **1,038** | **1,038** | **1,038** |
| Deposits | 13,534 | 13,777 | 13,613 | 7,733 | 7,513 | 7,642 | 7,642 | 7,642 |
| Subordinated loans | 224 | 224 | 225 | 225 | 225 | 99 | 99 | 99 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shareholders equity | 2,239 | 2,321 | 2,379 | 2,271 | 2,313 | 2,369 | 1,953 | 1,981 |
| **Total equity and liabilities** | **16,940** | **16,868** | **16,747** | **17,290** | **11,971** | **12,001** | **12,071** | **12,138** |
| | | | | | | | | |
| Loans to deposits | 74% | 72% | 72% | 98% | 99% | 99% | 100% | 101% |
| Non-mortg. loans to deposits | 74% | 72% | 72% | 98% | 99% | 99% | 100% | 101% |
| | | | | | | | | |
| LCR | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| NSFR | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

### GROWTH (Y/Y)

| Adjusted for non rec.items | Q1 20 | Q2 20 | Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21E | Q4 21E |
|---|---|---|---|---|---|---|---|---|
| Net interest income | -31% | -28% | -28% | -31% | 2% | 1% | 2% | 3% |
| Net commission income | -67% | -71% | -68% | -67% | 9% | 57% | 0% | 9% |
| **Total Revenues** | **-45%** | **-42%** | **-37%** | **-41%** | **11%** | **15%** | **-1%** | **1%** |
| Staff costs | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Total expenses** | **-51%** | **-51%** | **-51%** | **-47%** | **0%** | **5%** | **-2%** | **-4%** |
| Profit before loan losses | -26% | -17% | -5% | -29% | 35% | 32% | 0% | 9% |
| Operating profit | n.m. | 20% | 64% | -30% | n.m. | -32% | -47% | -28% |
| **Net profit to equity** | **n.m.** | **27%** | **61%** | **-26%** | **n.m.** | **-32%** | **-45%** | **-32%** |
| | | | | | | | | |
| Loans to the public (rep) | 0% | -2% | -2% | -23% | -25% | -23% | -22% | 2% |
| Deposits | -7% | -6% | -5% | -49% | -44% | -45% | -44% | -1% |
| Assets | -3% | -5% | -5% | -5% | -29% | -29% | -28% | -30% |
| | | | | | | | | |
| REA growth (BIS Trans) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| REA growth (BIS III) | -3% | -4% | -7% | -9% | -32% | -31% | -30% | -29% |

*Source: Company data and Nordea estimates*

## ANNUAL KEY DATA

### SHARE DATA

| DKKm | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| EPS, DKK | -15.85 | -22.07 | 22.29 | 19.43 | 26.55 | 21.70 | 17.49 | 22.86 | 15.05 | 14.47 |
| EPS adj, DKK | -15.85 | 19.69 | 16.47 | 19.43 | 19.95 | 22.95 | 16.91 | 15.54 | 14.32 | 13.74 |
| BVPS | 199.9 | 176.6 | 194.9 | 185.5 | 207.6 | 238.5 | 237.9 | 207.5 | 197.1 | 190.0 |
| TVBS | 146.9 | 176.6 | 194.9 | 185.5 | 206.9 | 237.5 | 237.6 | 207.2 | 196.8 | 189.8 |
| DPS (tot., DKK) | 2.00 | 2.00 | 30.00 | 4.00 | 7.32 | 7.00 | 5.00 | 58.57 | 20.62 | 20.33 |
| Dividend pay-out ratio | n.m. | n.m. | 135% | 21% | 28% | 32% | 29% | 256% | 137% | 140% |
| Share repurchases (per share) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.61 | 0.70 | 0.00 | 0.00 | 0.00 |
| Total pay-out ratio | -13% | -9% | 27% | 21% | 27% | 40% | 33% | 256% | 137% | 140% |
| | | | | | | | | | | |
| Share price (period end) | 105 | 128 | 136 | 106 | 109 | 109 | 152 | 169 | 169 | 169 |
| Market cap. (m) | 1,045 | 1,275 | 1,355 | 1,040 | 1,038 | 1,034 | 1,451 | 1,613 | 1,613 | 1,613 |
| Dil. number of shares | 10 | 10 | 10 | 10 | 10 | 9 | 10 | 10 | 10 | 10 |

### VALUATION

| (x) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| P/E | n.m. | n.m. | 6.1 | 5.5 | 4.1 | 5.0 | 8.7 | 7.4 | 11.2 | 11.7 |
| P/E (adj.) | n.m. | 6.5 | 8.2 | 5.5 | 5.4 | 4.8 | 9.0 | 10.9 | 11.8 | 12.3 |
| P/BV | 0.52 | 0.72 | 0.70 | 0.57 | 0.52 | 0.46 | 0.64 | 0.81 | 0.86 | 0.89 |
| P/TBV | 0.71 | 0.72 | 0.70 | 0.57 | 0.52 | 0.46 | 0.64 | 0.82 | 0.86 | 0.89 |
| Dividend yield (tot.) | 1.9% | 1.6% | 22.1% | 3.8% | 6.7% | 6.4% | 3.3% | 34.7% | 12.2% | 12.0% |
| Total yield | 1.9% | 1.6% | 22.1% | 3.8% | 6.7% | 7.9% | 3.7% | 34.7% | 12.2% | 12.0% |

### CAPITAL RATIOS

| % | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| BIS II Trans. CET1-ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| BIS II Trans. Capital ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| | | | | | | | | | | |
| BIS III CET | 1,409 | 1,593 | 1,566 | 1,731 | 1,874 | 2,023 | 2,206 | 2,014 | 1,952 | 1,887 |
| BIS III REA | 11,943 | 11,463 | 9,790 | 9,895 | 10,621 | 10,764 | 9,774 | 6,904 | 7,005 | 7,082 |
| BIS III CET1-ratio | 11.8% | 13.9% | 16.0% | 17.5% | 17.6% | 18.8% | 22.6% | 29.2% | 27.9% | 26.7% |
| BIS III T1-ratio | 12.9% | 14.8% | 16.0% | 17.5% | 17.6% | 20.2% | 24.1% | 31.4% | 30.1% | 28.8% |
| BIS III Capital ratio | 14.7% | 16.8% | 18.3% | 19.7% | 19.8% | 22.3% | 26.4% | 32.8% | 31.5% | 30.2% |
| | | | | | | | | | | |
| Tang. Equity/Assets | 8.9% | 10.9% | 12.5% | 11.5% | 11.9% | 12.4% | 13.1% | 16.3% | 15.2% | 14.5% |
| Tang. Equity/Lending | 14.0% | 16.5% | 21.3% | 19.1% | 19.9% | 22.7% | 29.8% | 25.6% | 23.7% | 22.4% |
| Leverage ratio | 8.5% | 9.8% | 10.1% | 11.0% | 11.2% | 11.1% | 12.8% | 16.6% | 15.8% | 15.1% |

### CREDIT QUALITY

| DKKm | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| Impaired loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan loss reserves | 997 | 671 | 679 | 511 | 607 | 496 | 328 | 321 | 315 | 309 |
| | | | | | | | | | | |
| Coverage ratio | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| Loan loss reserves / Total loans | 9.52% | 6.34% | 6.85% | 5.48% | 6.23% | 5.00% | 3.74% | 4.19% | 4.02% | 3.85% |
| Impaired loans / Total loans | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Collective/total provisions | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Perf. Impared loans/Impaired loans | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| Loan loss ratio | 0.82% | 0.19% | -0.12% | -0.66% | -1.16% | -1.06% | -0.05% | -0.28% | 0.19% | 0.32% |
| | | | | | | | | | | |
| Growth loan loss reserves (y/y) | 7% | -33% | 1% | -25% | 19% | -18% | -34% | -2% | -2% | -2% |
| Growth impaired loans (y/y) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

### PROFITABILITY

| Adjusted for non-rec. Items | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| RoE | -7.6% | 10.5% | 8.8% | 10.1% | 10.2% | 10.3% | 7.1% | 7.0% | 7.1% | 7.1% |
| RoTBV | -11.2% | 12.2% | 8.8% | 10.1% | 10.2% | 10.3% | 7.1% | 7.0% | 7.1% | 7.1% |
| C/I | -70.0% | -70.9% | -71.9% | -71.3% | -71.9% | -71.9% | -61.4% | -57.5% | -54.3% | -54.3% |
| NII-margin | 4.80% | 4.42% | 4.18% | 4.15% | 3.83% | 3.67% | 2.87% | 3.31% | 3.36% | 3.34% |

### REVENUE DISTRIBUTION

| Adjusted for non-rec. Items | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Interest Income | 67% | 64% | 65% | 60% | 59% | 55% | 65% | 62% | 63% | 63% |
| Net Commission Income | 25% | 31% | 30% | 29% | 27% | 29% | 16% | 17% | 17% | 17% |
| Net result from financial transactions | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Net insurance income | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Other Income | 2% | 1% | 1% | 5% | 7% | 7% | 6% | 8% | 7% | 7% |

*Source: Company data and Nordea estimates*

## ANNUAL INCOME STATEMENT AND BALANCE SHEET

### INCOME STATEMENT

| DKKm | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Interest Income | 503 | 468 | 414 | 387 | 373 | 367 | 258 | 263 | 272 | 276 |
| Net Commission Income | 191 | 226 | 192 | 186 | 172 | 189 | 60 | 70 | 71 | 73 |
| Net result from financial transactions | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Net insurance income | 47 | 28 | 26 | 44 | 44 | 53 | 45 | 47 | 48 | 49 |
| Other income | 13 | 11 | 9 | 31 | 46 | 49 | 24 | 31 | 30 | 30 |
| **Total revenues** | **754** | **734** | **641** | **648** | **635** | **658** | **387** | **411** | **421** | **428** |
| | | | | | | | | | | |
| Staff costs | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Other operating costs | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Depreciation | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Total Expenses** | **528** | **520** | **461** | **462** | **457** | **473** | **237** | **236** | **229** | **232** |
| | | | | | | | | | | |
| **Profit before loan losses** | **227** | **214** | **180** | **186** | **179** | **185** | **149** | **175** | **192** | **196** |
| | | | | | | | | | | |
| Loan losses | -86 | -20 | 12 | 60 | 111 | 106 | 5 | 21 | -15 | -25 |
| Write-downs on assets | -263 | -523 | -12 | -18 | 72 | -13 | 0 | 81 | 0 | 0 |
| **Operating profit** | **-123** | **-332** | **279** | **234** | **324** | **261** | **207** | **273** | **177** | **171** |
| | | | | | | | | | | |
| Taxes | -35 | 111 | -58 | -44 | -66 | -54 | -40 | -54 | -34 | -32 |
| Discontinued operations | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Minority interest | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| **Net profit to equity** | **-158** | **-221** | **221** | **191** | **257** | **207** | **166** | **218** | **144** | **138** |

### BALANCE SHEET

| DKKm | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash / Interbank | 439 | 361 | 217 | 251 | 180 | 252 | 208 | 1,065 | 1,065 | 1,065 |
| Loans to credit institutions | 521 | 411 | 817 | 617 | 914 | 878 | 1,178 | 455 | 455 | 455 |
| Loans to the public | 10,492 | 10,675 | 9,141 | 9,537 | 9,956 | 9,909 | 7,608 | 7,739 | 7,932 | 8,100 |
| Goodwill and other intangibles | 530 | 0 | 0 | 0 | 7 | 10 | 2 | 2 | 2 | 2 |
| **Total assets** | **16,536** | **16,248** | **15,552** | **15,785** | **16,700** | **18,173** | **17,290** | **12,138** | **12,331** | **12,499** |
| | | | | | | | | | | |
| **Interbank/owed to credit institutions** | **591** | **575** | **342** | **360** | **299** | **55** | **28** | **1,038** | **1,038** | **1,038** |
| Deposits | 12,604 | 12,680 | 12,669 | 13,083 | 13,878 | 15,164 | 7,733 | 7,642 | 7,642 | 7,642 |
| Subordinated loans | 459 | 452 | 222 | 223 | 223 | 224 | 225 | 99 | 99 | 99 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shareholders equity | 1,999 | 1,766 | 1,949 | 1,820 | 1,987 | 2,263 | 2,271 | 1,981 | 1,881 | 1,814 |
| **Total equity and liabilities** | **16,536** | **16,248** | **15,579** | **15,785** | **16,700** | **18,173** | **17,290** | **12,138** | **12,331** | **12,499** |
| | | | | | | | | | | |
| Loans to deposits | 83% | 84% | 72% | 73% | 72% | 65% | 98% | 101% | 104% | 106% |
| Non-mortg. loans to deposits | 83% | 84% | 72% | 73% | 72% | 65% | 98% | 101% | 104% | 106% |
| | | | | | | | | | | |
| LCR | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| NSFR | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

### GROWTH (Y/Y)

| Adjusted for non rec.items | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | -12% | -7% | -12% | -6% | -4% | -2% | -31% | 1% | 4% | 2% |
| Net commission income | 1% | 18% | -15% | -3% | -7% | 10% | -68% | 17% | 2% | 2% |
| **Total Revenues** | **-11%** | **-3%** | **-13%** | **1%** | **-2%** | **4%** | **-41%** | **6%** | **2%** | **2%** |
| Staff costs | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| **Total expenses** | **-9%** | **-1%** | **-11%** | **0%** | **-1%** | **4%** | **-50%** | **0%** | **-3%** | **2%** |
| Profit before loan losses | -14% | -5% | -16% | 4% | -4% | 3% | -19% | 17% | 10% | 2% |
| Operating profit | -207% | 254% | 9% | 13% | 4% | 7% | -21% | 32% | -35% | -4% |
| **Net profit to equity** | **-273%** | **224%** | **-17%** | **17%** | **1%** | **13%** | **-26%** | **-8%** | **-8%** | **-4%** |
| | | | | | | | | | | |
| Loans to the public (rep) | 0% | 2% | -14% | 4% | 4% | 0% | -23% | 2% | 2% | 2% |
| Deposits | 3% | 1% | 0% | 3% | 6% | 9% | -49% | -1% | 0% | 0% |
| Assets | -3% | -2% | -4% | 1% | 6% | 9% | -5% | -30% | 2% | 1% |
| | | | | | | | | | | |
| REA growth (BIS Trans) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| REA growth (BIS III) | 4% | -4% | -15% | 1% | 7% | 1% | -9% | -29% | 1% | 1% |

*Source: Company data and Nordea estimates*

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